

Message Text

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ACTION COME-00

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R 281855Z AUG 78
FM AMCONSUL SALVADOR
TO SECSTATE WASHDC 0431
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMCONSUL RECIFE
AMCONSUL PORTO ALEGRE
AMCONSUL BELEM

UNCLAS SALVADOR 0122

FOR COMMERCE

E. O. 11652: N/A
TAGS: BEXP, BR
SUBJ: REPORT ON PETROLEUM MISSION TO SALVADOR AND ARACAJU

REF: (A) SALVADOR 116 (B) SALVADOR 119

1. MISSION MEMBERS ASSESSMENT

BASED ON COMMENTS OF MISSION MEMBERS WHO CAME TO SALVADOR AND ARACAJU,

MISSION OBJECTIVES OF ESTABLISHING CONTACTS AND BUILDING IMAGE IN THESE TWO CITIES WERE MET. AS ONE MEMBER PUT IT, WE "SAW THE GOVERNMENT IN BRASILIA, THE MANAGEMENT IN RIO, AND WHERE THE ACTION IS IN SALVADOR AND ARACAJU". SEVERAL MISSION MEMBERS SAID THAT SALES EFFORTS OF THEIR PRODUCTS AND SERVICES REQUIRE CONTACT AT THREE ECHELONS - HIGH EXECUTIVES, MIDDLE MANAGEMENT, AND END-USERS, AND THEY MADE CONTACT WITH LATTER TWO IN THE NORTHEAST PRODUCTION REGION, WHOSE TWO MOST SIGNIFICANT PRODUCTION AREA ARE THAT

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OF GREATER RECONCAVO BASIN AROUND SALVADOR AND THAT OF SERGIPE.

2. AUGUST 24 PROGRAM

PROGRAM BEGAN PROMPTLY AT 11:00 ON AUGUST 24 AT ONE OF PETROBRAS OFFICES IN SALVADOR WITH SHORT TALKS BY SEVERAL PETROBRAS OFFICIALS AND SELF-INTRODUCTIONS BY MISSION MEMBERS. DURING THIS HOUR AND FORTY

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FIVE MINUTE MEETING AND AT LUNCH SPONSORED BY TRADE MISSION AT NEARBY VELA BRANCA RESTAURANT, U.S. MEMBERS ASKED MANY TECHNICAL QUESTIONS ABOUT THE TYPE OF EQUIPMENT USED BY PETROBRAS, ITS PERFORMANCE, POWER, AGE, SOURCE, AND OTHER SPECIFICATIONS. THERE WERE A NUMBER OF QUESTIONS ON SECONDARY RECOVERY OPERATIONS IN BAHIA.

3. IN AFTERNOON ONE MEMBER STAYED WITH PETROBRAS TO DISCUSS SOFTWARE OFFERED BY HIS FIRM WITH DATA PROCESSING DIVISION OF PETROBRAS. REST OF GROUP WENT TO VISIT LARGEST OF EQUIPETROL'S THREE PLANTS. EQUIPETROL IS BRAZILIAN PRIVATE FIRM AND IS THE LARGEST OF A HALF DOZEN COMPANIES LOCATED IN BAHIA WHICH PRODUCE EQUIPMENT FOR OIL EXPLORATION AND EXTRACTION. IT IS THE ONLY FIRM IN BRAZIL WHICH ASSEMBLES RIGS. WE LEARNED THAT 20 PERCENT TO 25 PERCENT OF EQUIPETROL'S SALES ARE INVOICED IN DOLLARS, MOST OF WHICH INVOLVES SALES TO RISK CONTRACT FIRMS. WITH ICM AND IPI TAX INCENTIVES AND CENTRAL BANK FINANCING INCENTIVES EQUIPETROL CAN OFFER DOLLAR PRICES EQUAL TO U.S. DOLLARS. PETROBRAS BUYS EQUIPMENT FROM EQUIPETROL FOR ABOUT A 50 PERCENT PREMIUM AND PAYS IN CRUZEIROS. INCIDENTALLY, EQUIPETROL INTENDS TO IMPORT INPUTS AND EQUIPMENT FOR ITS PRODUCTS.

4. IN THE EVENING THE GROUP FLEW TO ARACAJU WHERE THEY HOSTED A RECEPTION AT THE YACHT CLUB FOR ABOUT 20 PETROBRAS OFFICIALS AND SEVERAL LOCAL AUTHORITIES.

5. ON THE AUG 25TH BEGINNING AT 8:00 GROUP VISITED PETROBRAS TERMINAL
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AND OFFICES IN SERGIPE. PETROBRAS PROVIDED SHORT DESCRIPTION OF EXPLORATION AND EXTRACTION OPERATIONS IN SERGIPE WHICH ARE ROUGHLY SPLIT BETWEEN OFFSHORE AND ONSHORE OPERATIONS. AFTER TYPICAL FOODS LUNCHEON AT ARACAJU TOURIST CENTER HOSTED BY PETROBRAS, GROUP WAS FLOWN IN THREE SMALL HELICOPTERS TO VISIT ONE OF 17 OFFSHORE PLATFORMS IN SERGIPE. WE SAW "PETROBRAS 5", A JACK-UP" PLATFORM WHICH IS PRESENTLY DRILLING AN EXPLORATORY WELL. AT 17:00 GROUP DEPARTED FOR RIO DE JANEIRO.

6. THE LAST MINUTE CHANGE

ON THE MORNING OF THE MISSION'S ARRIVAL IN SALVADOR THIS POST LEARNED OF DROPPING OUT OF SEVERAL MEMBERS FROM THE SALVADOR/ARACAJU PORTION OF THE TRIP. WE WERE CONCERNED GIVEN THE PREPARATIONS AND COMMITMENTS MADE. HOWEVER, THE NUMBER OF MISSION MEMBERS THAT CAME - 9 TO SALVADOR AND 6 TO ARACAJU - WAS SUFFICIENT TO NOT SIGNIFICANTLY DISMAY LOCAL PETROBRAS AND OTHER OFFICIALS AND CONTACTS. GIVEN MISSION MEMBERS COMMENTS ON THE USEFULNESS OF THE VISIT AND THE GOOD EXCHANGE OF VIEWS AND SUBSTANTIVE MUTUAL QUESTIONING BETWEEN THE U.S. MISSION MEMBERS AND THE PETROBRAS AND EQUIPETROL OFFICIALS IT APPEARED TO THIS POST THAT THE VISIT WAS SUCCESSFUL.

7. BUDGET

EXPENSES WERE SLIGHTLY UNDER THE BUDGET OUTLINE GIVEN IN SALVADOR'S 0113. THE VOUCHERS FOR THE LUNCH AT VELA BRANCA, BUS RENTAL IN SALVADOR, THE RECEPTION AT ARACAJU, BUS RENTAL IN ARACAJU AND THE HEAD OF THE MISSION'S HOTEL BILL IN ARACAJU WILL BE FORWARDED BY POUCH FOR BRASILIA FOR PAYMENT. FISCAL NUMBER RECEIVED BY PHONE FROM RIO OF 13X8580.020, CODE J/820/4369-00/13-47 WILL BE USED.
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